

## Message Text

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PAGE 01 JIDDA 01896 100612Z  
ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 /019 W  
-----101035Z 099131 /20

R 091455Z MAR 77  
FM AMEMBASSY JIDDA  
TO SECSTATE WASHDC 7589  
INFO USDOC WASHDC

UNCLAS JIDDA 1896

E.O.11652: N/A  
TAGS: EWWT, SA  
SUBJECT: TWO NEW PORTS FOR SAUDI ARABIA

1. THE MINISTRY OF PUBLIC WORKS AND HOUSING HAS AWARDED CONTRACTS TO KOREAN AND JAPANESE FIRMS TO BUILD TWO SMALL PORTS, ONE ON EACH SIDE OF THE PENINSULA, TO HANDLE THE IMPORT OF CONSTRUCTION MATERIALS FOR THE MINISTRY'S HOUSING PROJECTS.
2. ONE PORT WILL BE CONSTRUCTED AT TUWWAL, A SMALL FISHING VILLAGE APPROXIMATELY 75 KM NORTH OF JIDDA AT A PROJECTED COST OF \$170 MILLION. THIS PORT, TO BE BUILT BY HITACHI SHIPBUILDING AND ENGINEERING CO. (JAPAN) WILL HAVE A CAPACITY OF 500,000 TONS PER YEAR. AND IS EXPECTED TO BEGIN OPERATIONS IN EARLY 1979. (PROJECT WILL INCLUDE FOUR 2,500 KW DIESEL GENERATORS FOR ELECTRICITY.)
3. THE ARABIAN GULF SITE WILL BE AT RAS AL-QAR, LOCATED BETWEEN JUBAIL AND RAS TANURA. HONDA CONSTRUCTION CO. OF KOREA WAS AWARDED THE CONTRACT WHICH CALLS FOR CONSTRUCTION OF A 500,000 TON PER YEAR CAPACITY PORT TO BE OPERATIONAL IN LATE 1978.
4. THE VALUE OF THE TWO CONTRACTS IS \$450 MILLION.

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5. COMMENTS:
- A) AT THE HEIGHT OF PORT CONGESTION PROBLEMS LAST YEAR, SAG COUNCIL OF MINISTERS DECIDED THAT SAG GOVERNMENT AGENCIES OR PRIVATE FIRMS DOING MAJOR PROJECTS SHOULD HAVE SEPARATE PORTS TO IMPORT NEEDED CONSTRUCTION MATERIALS. THESE PORTS WOULD 1) AVOID ADDING TO EXISTING CONGESTION AT COMMERCIAL PORTS, AND 2) PREVENT SLOWDOWNS ON PROJECTS

DUE TO LACK OF SUPPLIES.

B) IN ADDITION TO THE MINISTRY OF PUBLIC WORKS AND HOUSING, PROPOSALS WERE CONSIDERED FOR PORT CONSTRUCTION RELATED TO THE SALINE WATER CONVERSION CORPORATION'S DESALINATION CONSTRUCTION PROGRAMS, HOCHTIEF'S SUPPLIES FOR THE NEW JIDDA AIRPORT, BECHTEL'S MATERIALS FOR THE NEW RIYADH AIRPORT, J.A.A. JONES AND OTHER MILITARY CONTRACTORS NEEDS, AND A NUMBER OF OTHER PROJECTS REQUIRING LARGE QUANTITIES OF BUILDING MATERIALS, PARTICULARLY BAGGED CEMENT.

C) LAST YEAR'S CRISIS HAS SINCE BECOME THIS YEAR'S YAWN AS JIDDA SEAPORT REPORTED 5 EMPTY BERTHS ON MARCH 8. THESE NEW PORTS MAY TURN OUT TO BE AS UNNECESSARY AS THE NEW JIDDA TEMPORARY SEAPORT RECENTLY OPENED 15 KILOMETERS NORTH OF THE PERMANENT PORT. LACK OF TRAFFIC, AMONG OTHER FACTORS, HAS RESULTED IN THIS PORT OFFLOADING AN AVERAGE OF LESS THAN 500 TONS OF CARGO PER DAY.  
PORTER

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009